

ETHICS IN OUR INDUSTRY

By: Sara E. Barry, CAM, CMCA PCAM, UNLV Certified Paralegal, Nevada Licensed Insurance Producer

In my over 34 years in our unique industry that affects so many lives nationally, I thought I had seen it all. New issues, problems or situations arise almost daily on a local and national basis where individuals are charged with embezzlement of association funds, numerous other ethical issues or trying to manipulate the systems. Nevada has had their fair share of these cases, which means we can't bury our heads in the sand and think all is well.

Each year, Key Realty Schools pumps out between 125 – 150 new students in Nevada seeking their Community Association Manager license in one form or another. Ethics is part of the 60 hours of pre-licensing education that want-to-be managers have to take. Even after 60 hours of subjects required by NRS 116, these students have a lot to learn. What do you think happens after those students leave the class? Many of them go back to their companies and are under the supervision of a Supervisory Community Manager whose role is to guide them in the real world experiences and teach them the ins and outs of community association management. They are like children learning by watching to see how situations are handled to see what is right and wrong. (Provisional's, don't be insulted with this analogy, please.) If my Supervisory Community Manager has no problem with being "bought" by the vendors, what do you think the Provisional thinks about being bought? It must be okay and Key Realty Schools and their instructors are wrong or were misunderstood.

Regardless of whether a vendor "buys" you, if anything they do or give you personally influences your decision to recommend that your clients do business with them, it is wrong. Getting your landscaping done for free by the association's landscaper is being "bought". Being plied with drinks at social events continually is being "bought". Getting free spa treatments is being "bought". Do some businesses have true incentives? Yes, it is done daily around the world. To whom do those incentives belong? The person paying for the services, which in this case would be the association. Did I say members of the board? No, I said the association as there is a big difference.

Do I need to pay your company \$100, \$500, or \$1,000 to become one of the "preferred" vendors if I want to have a chance of doing any work for your clients? If so, you are being "bought" whether it is you or your company that received the money. Is there work to be done when qualifying a new vendor before recommending to an association that their services should be considered? Of Course there is a lot of time required and some companies pay for a person to take care of this as a full time job. This should all be part of your management contract as it is extremely important that all vendors have proper licensing and insurance coverages, but to pay the management company for the privilege of being on their "preferred vendor list" is unethical.

Many times managers decide that managing is not for them and join the vendor ranks. These ethical individuals are shocked when managers outright ask them for incentives. "Will you pay my way to the CAI Golf Tournament", will you pay my way to the CAI's national conference, will you pay my way to other events or buy me something? Some of these ethical individuals have left the state of Nevada as they found it disgusting and really didn't want to hurt their new companies by putting these individuals in their place. I don't think they can totally get away from it, but it can be quite bold in Nevada.

CAI, in their attempt to help educate the business partners on what the managers and directors can and cannot do, has implemented their Educated Business Partner recognition in Nevada. Part of what the attendees learn is the requirements of members of the board and community managers on the limitations of what "incentives" they can participate in. This includes reporting anything over \$15 on the annual budget for

directors and anything over \$15 with their license renewal for managers. The new Managers are taught to ask directors if they have anything to report with the budget on incentives. The law also limits the amount in any one year that managers' and directors' can "take" from all vendors combined. This total amount annually is \$100 for directors and \$500 for community managers. When this law first came out, directors asked, "Why do managers get more than us?" Obviously, the legislators recognized that managers have more than one client and therefore set their limit higher. There is a limit on how much can be received from any one vendor, however, and that limit is \$100. But, you say, what if I win a free membership to CAI at a manager breakfast as membership is over \$100? To be in compliance with the law, you should pay any amount over \$100 for the membership. It is being rationalized that because you put your name in the "pool" of potential winners, it is different. Do you not think that if a vendor buys a membership, a flat screen TV in a raffle or any other drawing that the recipient owes them consideration and preference? They don't just give money away to give it away as there are expectations at times. I have heard some of the vendors discussing this very issue and many of them are disgusted with the greed in our industry in Nevada. Did I say just Las Vegas? No, as this goes throughout our whole state as people seem to think that if they can get away with it, all is good. I honestly think that many of the CAI Business Partners/Vendors will be letting out a sigh or relief to see this in writing. It is really unfortunate that so many promising careers, and in several cases lives, have been destroyed with this attitude in Nevada.

Bottom line – If receiving "anything" will influence your decision on who you might recommend to your client or to the rest of the board, you are being bought and it is unethical. Let good service speak for itself when you recommend the services of companies to your clients. In the long run everyone wins.